

---

# STATE OF INDIANA

---

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH  
100 NORTH SENATE AVENUE N1058(B)  
INDIANAPOLIS, IN 46204  
PHONE (317) 232-3777  
FAX (317) 232-8779

## Local Government Tax Control Board Meeting Minutes April 24, 2008

**Call to Order:** The monthly meeting of the Local Government Tax Control Board was held on Thursday, April 24, 2008. The meeting was held in the Indiana Government Center South, Conference Center Rooms 1 & 2, 302 West Washington Street, Indianapolis, IN 46204. Those in attendance were Dan Jones, Lisa Decker, Dave Christian, Ken Kobe, John Stafford, Ken Giffin, Mike Bozyski, Chuck McLean (Administrative Officer), and Linette Pedigo (Administrative Secretary).

**Minutes and Discussion:** Mr. Christian began by asking for any changes or corrections to the February 26, 2008 minutes. Hearing none, Mr. Stafford moved to approve the minutes. Mr. Giffin seconded and the minutes passed by a vote of 7-0. Mr. Christian then asked for any changes or corrections to the March 27, 2008 minutes. Hearing none, Mr. Kobe motioned to approve the minutes. Mr. Bozyski seconded and the minutes passed by a vote of 7-0.

Mr. Jones took the floor and talked about HEA 1001 and its effects on the Local Government Tax Control Board. Fire Territory levies are now under the same limits as other controlled levies in the State. He said there is still a little disagreement about the first year, but the DLGF is still working through this. The interpretation the DLGF has of the statute for the first year is they take the levies of the units that are currently being served; those become the controlled levy for the fire territory for the first year. Another opinion is that the fire territory comes in as a new unit, establishes a new budget supported by a new levy, and that new levy is outside of that original control. He said they are still trying to get reconciliation between the two.

Mr. Jones said next that the County Board of Tax and Capital Project Review has been repealed. The Local Government Tax Control Board's responsibilities have been reinstated; they had been previously set to expire on December 31, 2008. Levy appeals will continue to be heard by the Control Board and they will be decided by the Commissioner. Mr. Jones added though that most of the appeals were repealed. The remaining reasons for a unit to appeal for an excessive levy are due to: a lack of adequate funding to carry out governmental functions, and there must be a statement within the Ordinance that they cannot carry out their governmental functions without that levy; correction of mathematical errors and erroneous assessed valuations; a levy growth; a shortfall appeal; and an annexation, consolidation, or other extensions of governmental services to additional geographic areas.

Mr. Stafford asked, in reference to an appeal for a lack of adequate funds, if it was conditioned that there has to be some external factor involved, like a disaster. Mr. Jones said that he believes

that language is in there, although he has not gotten a legal review of it yet. He did say though that 1001 has added more restrictive language in order to narrow the scope of that appeal.

Mr. Christian asked about TIF financing backup from the State. Mr. Jones said there are several changes that affect debt. Debt will no longer be heard by the Control Board, but it is unclear whether they still review the Emergency Township Loans. There are stronger limitations on TIF; they made the maximum term 25 years (it was 30 years) and the approval process is different. Mr. Jones said he does not believe that TIFs are subject to remonstrance or to the referendum. Mr. Christian asked about the state backup. Mr. Jones said he is not sure, but it should be a local issue. Mr. Stafford asked when their responsibility for debt review ends, and Mr. Jones said that July 1, 2008 is the cutoff date for the Control Board to review it. Mr. Stafford wanted to clarify that that would mean that any application submitted after July 1 will not be heard by the Board. Mr. Jones said that one could make an argument that it would have to be on the agenda by July 1. Mr. McLean said that in speaking with Counsel, they are still trying to determine whether the July 1 date means that they have to have notified their citizenry of the 1028 hearing. If they have notified the citizenry of their intent to go through with a project, it is believed that the Board will hear it even after July 1<sup>st</sup> because it may take a while to get them on the agenda.

Mr. Jones said they have also changed the definition of a controlled project; they have lowered the thresholds for the smaller units of government. As of July 1, a controlled project is the lower of 1% of the assessed value or \$1 million. Controlled projects are still subject to the petition/remonstrance process. Any controlled projects that exceed \$12 million or 1% of the gross assessed value are subject to a referendum. Schools have different thresholds. He added that any bonds approved by referendum are not subject to the Circuit Breaker limits, and voters must request a referendum by filing a petition with at least 100 signatures.

Mr. Kobe asked what the new distressed units are and what their jurisdiction is. Mr. Jones said that if a unit is declared distressed, the distressed unit's Board can get an exception to the Circuit Breaker. Mr. Kobe and Mr. Christian wanted to know who declares a unit as distressed. Mr. Jones said that is not entirely clear yet. Mr. Kobe wanted to clarify then that the provision that a unit cannot fulfill its governmental obligations is a criteria that they would consider. Mr. Jones said he will have to review that more carefully. Mr. Jones said that he believes the definition of distressed to be that a unit lost more than 5% of its levy due to the Circuit Breaker. Mr. Kobe wanted to clarify then that it is intended to address units that are adversely affected by the Circuit Breaker.

**City of Noblesville, Hamilton County; Lease Financing:** The unit is requesting approval of a lease purchase financing in the amount of \$6,770,000 for a term of twenty (20) years for the purpose of construction a new fire station.

Project Costs: \$6,770,000  
Amount applied to debt: \$6,770,000  
Annual Payment: \$578,900

Tax Rate Impact:

|               |                 |
|---------------|-----------------|
| 2008 AV       | \$2,880,272,885 |
| Levy Needed   | \$523,907       |
| Est. Tax Rate | \$.0182         |

Meeting and Publication Dates:

|                                          |           |
|------------------------------------------|-----------|
| Date of publication for a public hearing | 1/31/2008 |
| Date of public hearing                   | 2/12/2008 |
| Resolution/Ordinance adopted             | 3/11/2008 |
| Notice of Determination                  | 2/16/2008 |

Auditor's Certificate of No Remonstrance: 3/20/2008

Common Construction Wage: 3/27/2008

**Present for the hearing:** Michael Howard, City Attorney; Jim Treat, Financial Advisor; John Ditslear, Mayor; John Kirkwood, Bond Counsel; Randy Ruhl, City Securities Corporation; Kelly McNairy, City Securities Corporation; Jim Crawford, Krieg DeVault; Skip Keltner, Meyer Najem Construction; Jim Cates, AzSO4 Architecture; Greg O'Connor, City Council; Len Finchum, Street Commissioner; Ken Gilliam, Fire Chief; Ryan McNeely, Project Manager; and Kostas Poulakedas, Krieg DeVault.

**Comments:** Mr. John Ditslear, Mayor of Noblesville, began by stating that they are seeking approval for their 7<sup>th</sup> fire station located near Interstate 69 and Exit 10, which is serving a booming corporate campus. At this present time, this area is being served by a fire station that is over five miles away and the response time is unacceptable. This is not just a substation; it is a full municipal station that will house enough equipment to provide the necessary service to this area. Mayor Ditslear stated that they are very familiar with the General Assembly and the HEA 1001. He said they have received projections from Legislative Services, and they show that in 2009, they will suffer a loss of about \$1.2 million to their General Fund, which is less than 2% of their budget. They have imposed a hiring freeze and they are looking at alternate revenue services. The Mayor added that they are looking also at pushing for a local income tax.

Mr. Michael Howard, City Attorney, took the floor next and said that after this project, they will not be back for awhile for another fire station; this station #7 is the second to last station, and #8 will be their last that they plan to build. He added that there is very little development to the north of this proposed station, so it will probably be 5-7 years, possibly even 10-12 years, before they build out. The site was chosen based on extensive research from their Fire Chief. He added that there is a planned bridge on Olivo Road over I-69, which will help with response times. They also provide emergency medical services along I-69. There is no sanitary available, so they will have a septic system until the sanitary system is available. The retention pond will not only be used for storm water retention, but also water training. This facility is in an industrial park, unlike their other stations that are located in residential areas, so they are planning for a burn tower and other training activities on this site. They have four bays that are going to be constructed. The initial vehicle will be a 100 foot ladder truck which is also a part of this financing. An ambulance will come as soon as possible, and ultimately there will be a pumper and an emergency rescue vehicle.

Mr. Howard said that the funding for this project, and their other project, is in their five-year financial plan. The initial staffing will be four men and they will then build out to accommodate eight per shift; they can expand to 12 without expanding the building. The living quarters are single and separate quarters because of the increasing number of women firefighters. All furnishings, computers, radio equipment, etc. are being funded from the Cumulative Fire Fund. He added that there will be no interior drywall work because of the use of brick walls. He said there are a lot of “green” components in the building.

Mr. Jim Treat, Financial Advisor, then took the floor and stated that with this project, they are looking at a maximum debt levy of \$579,000. He said that about 75% of Noblesville’s tax base is residential, so about 25% of the tax base, or of the rate, will be collected. He added that it is only the higher-assessed-valued homes that will get any Circuit Breaker credit. He said that if one takes the City’s current total tax rate of about \$2.50, then back out the levies from HEA 1001 that are not going to be paid by property taxes, that rate becomes \$1.84. Homes that are valued at \$300,000 or less will pay the \$1.84 rate and will not get a Circuit Breaker credit; it is only the homes that are over \$300,000 that would get a credit. The average assessed value home in Noblesville is \$150,000, so no more than 50% of residential taxpayers will get the circuit breaker credit. All in all, Mr. Treat summarized that even though they are starting out at a \$579,000 levy, they are only looking at a maximum \$90,000 potential loss, and that is being generous. Mr. Howard added that no unit is going to know exactly how the Circuit Breaker will affect them, but he feels they can handle it.

Mr. Christian asked about them making cuts and that they are going to be dramatically affected by the Circuit Breaker by as much as \$1.2 million. Mayor Ditslear said that that is less than 2% of their budget. He said that not knowing the effects of 1001, they put a hiring freeze on positions three months ago. Mr. Christian said that they have listed that they will be adding additional firefighters, and the Mayor said yes, and they will be able to support that. Mr. Howard said there are things they can do, and if they have to make cuts they will make the cuts. Mr. Christian wanted to clarify that they are comfortable going forward and will be able to afford the ongoing operational costs and the ongoing manpower costs, and all of the debt that they currently have. Mr. Howard said yes.

Mr. Christian then stated that he is concerned about the cost of the land, which is a half a million dollars. Mr. Christian asked how much land they are wanting to purchase, and Mr. Howard said 10 acres. The Mayor said they got a decent deal because some acreage out there goes for much more. Mr. Kobe asked who they are buying the land from, and Mayor Ditslear said from a local farmer. Mr. Howard added that this site was very important, and the cost of \$50,000 per acre was justified by two appraisals. Mr. Jones asked next why they want 10 acres. Mr. Ken Gilliam, Fire Chief, stated that by utilizing this location, they eliminated the need for a ninth station. If they moved the location to another location that might be cheaper, they would have to build a ninth station in order to get their desired response times. He said the savings by using this location and not having to build an extra fire station in the future are astronomical. He said that the cost of this land is a lot less than the annual cost of staffing and operating a ninth station.

Mr. Christian asked what their current response time to this area is, and Mr. Gilliam said it is 13-14 minutes because they are coming from Station 3. He said this response time is unacceptable. Mr. Christian then asked what is located in the area they are wanting the fire station to cover. Mr. Gilliam said all of their corporate campus development, Verizon Wireless Music Center, and all of the future development for the City.

Mr. Stafford asked next who they provide fire protection for, and Mr. Gilliam said they do the City of Noblesville, Noblesville Township, plus the annexed portion of the City that spills over in to Wayne Township near the Madison County line. Mr. Kobe asked if this was an inter-local agreement, and Mr. Gilliam said it is a contractual agreement with Noblesville Township; they pay an annual fee.

Mr. Stafford then asked about Mr. Treat's Circuit Breaker calculation and if he figured in the impact that the new homestead deduction would have on the rate. Mr. Treat said he had no way to do that, but it will drive the rate up. He added that as more information comes out in the next year, there will be more consideration given to a Local Option Income Tax to keep the rate down.

Mr. Stafford said that they have debt for a public safety facility that will retire in 2010, which is roughly the same annual debt payment as this project. He asked if they anticipate any other debt issues coming up that will keep the debt rate steady. Mr. Howard said with the public safety building, there is also a road project that is rolled in to that; about 60% is coming off. As for future projects, he said there is a road project that they are looking at, but he believes there is enough TIF so it will be an uncontrolled project. He added that the police department needs a new facility, but that project will not happen until they see where they are with the Circuit Breaker. Mr. Howard summarized that they do not have any property tax based debt coming off and the projects they are planning to do are TIF projects.

Mr. Stafford then stated that a lot of the area that is going to be served by this fire station has been TIF'd because of the corporate campus. He asked how much AV is bleeding through the TIF. Mr. Howard said that with the corporate campus development at 146<sup>th</sup> Street, they didn't project those to go black until 2013 or 2014. They explained to the taxpayers that this is just another step in the investment that they think is necessary to keep those acres as a commercial tax base. Mr. Stafford asked if they TIF'd personal property, and Mr. Howard said no; personal property passes through.

Mr. Kobe asked when they annexed the southern area of Noblesville, and Mr. Howard said it has happened over the past two years. Mr. Kobe asked if there was a fairly recent fiscal plan that was done for that annexation, and if it included a fire station. Mr. Howard said he believed so. Mr. Kobe asked if they could provide a fiscal plan to the Commissioner, and Mr. Howard said they would. Mr. Kobe said that a significant portion of their argument for this fire station is the annexed area.

Mr. Kobe then asked that on their Hearing Information Sheet under Land, Building, and Equipment, why they have \$930,000 listed under the "Other" category. Mr. Howard said that is for the 100 foot ladder truck. He said they went with a 100-foot truck because they expect

multiple-story buildings in the area. Mr. Kobe wanted to clarify that \$25,000 from their Cumulative Fund is going towards that, and Mr. Howard said yes, and there is also about \$85,000 for turn-out gear, equipment, and computers.

Mr. Christian asked what is “non-major governmental” under Fund Balances on their Hearing Information Sheet. Mr. Christian added that they have \$21 million projected. Mr. Treat said that is their projected cash balance, excluding General and Cumulative Funds. Mr. Christian asked if they were going to use any of that for this project, and Mr. Treat said it is just a disclosure. Mr. Howard added that a lot of it is dedicated funds with restricted uses. They try to carry an unencumbered cash balance of six months of property tax collections.

Mr. Jones stated next that this project is the most expensive fire station they have seen in over 3.5 years, and it is not even the largest. He asked why they need 10 acres. Mr. Howard said there is a half acre right away to be dedicated for Olio Road, and over a half acre for a retention pond. He added that there will be septic facilities and a training area. Mr. Christian asked if they currently have a training area. Mr. Gilliam said they do not; they only have classrooms, which is the primary reason for the 10 acres. He said they have built in to this project both internal and external training facilities. They are not just a fire department, they are also an EMS service, they do tactical rescue, and Hazmat response. He added that they have a mandatory fitness program too. He said they would eventually like to have driver-training courses, which would require roads to be built, and also a burn tower. He said they would need some buffer space between them and their neighbors, especially with a burn tower. Mr. Gilliam said they have no live-burn training facilities in their county at all, and there will be significant cost savings by having their own training facility. He summarized by saying that on every feature of this lot they tried to build some training component on it. They were required to build a retention pond, but they are going to use it for dive training and ice rescue training.

Mr. Jones asked how much of the cost do they contribute to having to build the pond. Mr. Skip Keltner said he didn’t know. Mr. Kobe then asked what the site development portion is out of the \$4 million. Mr. Keltner stated \$900,000, and the pond is part of it. Mr. Christian asked how big the pond is and Mr. Keltner said it is 14 feet deep. Mr. Howard added that the pond is not overbuilt for training; it is to meet the water regulations of the drainage board and the county surveyor. Mr. Keltner said that the pond originally was over an acre, and then it was reduced to meet their needs.

(The Board then discussed the City of Noblesville’s second project (see below) before making a motion on this project)

**Motion:** Mr. Jones motioned to postpone the decision on this project until the next meeting. Ms. Decker seconded the motion.

Mr. Kobe asked what the reason for the postponement was, and Mr. Jones said there are still a lot of questions and concerns he has with the project.

Mr. Christian called for a vote, and the motion carried by a vote of 4-3, with Mr. Christian, Mr. Kobe, and Mr. Stafford opposed.

**City of Noblesville, Hamilton County; Lease Financing:** The unit is requesting approval of a lease purchase financing in the amount of \$3,030,000 for a term of twenty (20) years for the purpose of constructing a fire truck wash bay and a storage building: office, lockers and meeting rooms.

Project Costs: \$3,020,000  
Amount applied to debt: \$3,020,000  
Annual Payment: \$260,000

Tax Rate Impact:  
2008 AV \$2,880,272,885  
Levy Needed \$523,907  
Est. Tax Rate .0082

Meeting and Publication Dates:  
Date of publication for a public hearing 1/31/2008  
Date of public hearing 2/12/2008  
Resolution/Ordinance adopted 3/11/2008  
Notice of Determination 2/16/2008

Auditor's Certificate of No Remonstrance: 3/20/2008

Common Construction Wage: 3/27/2008

**Present for the hearing:** Michael Howard, City Attorney; Jim Treat, Financial Advisor; John Ditslear, Mayor; Kelly McNairy, City Securities; Jim Crawford, Krieg DeVault; Randy Ruhl, City Securities; John Kirkwood, Krieg DeVault; Greg O'Connor, City Council; Len Finchum, Street Commissioner; Ryan McHern, D&B Corp; and Kostas Poulakedas, Krieg DeVault.

**Comments:** Mayor Ditslear began by saying that this second project is a Street Department project. The Street Department facility was built in 1980 and at that time the City had 70 miles of roads to take care of. Today they have over 230 miles of roads to maintain. In 1980 they had seven employees with 12 vehicles, and today they have 37 employees with 60 vehicles. The project is a 9800 square foot pole barn for salt and vehicle storage, a two-story office, restrooms, meeting facilities, and a wash-bay. The Mayor added that there is a site cost of \$410,000, but there is a big replacement of the storm and sanitary sewer that is required. The existing sewers have collapsed, and the electrical service is at its max. He said they have reduced this project by \$300,000. He then said that this project will help the Street Department for at least the next 20 years; the only thing they do anticipate in the near future is a salt barn on the eastside of the City.

Mr. Christian asked how much of the total project is construction costs. Mr. Howard, City Attorney, said that the construction cost for the office building is \$1.3 million. Mr. Christian asked how many square feet the office building is, and Mr. Howard said 10,800 square feet. He then stated that the storage building is 9800 square feet at a cost of \$415,000; this is a metal pole

barn. The wash bay is \$125,000 at 1125 square feet. Mr. Howard said that their current office building is only about 900 square feet.

Mr. Howard then went on to say that with this project there was no remonstrance at any time by taxpayers. He said there was a Council remonstrance at a work session and so the Street Department cut \$300,000.

Mr. Howard stated next that there is \$7000 for loose equipment, such as office furniture. He said they are putting over \$1 million in additional equipment at this site, and the Council instructed the Street Department to extend the useful life of their equipment.

Mr. Jones wanted to confirm that the \$410,000 for site prep included the sewers, and Mr. Howard said yes, it includes storm, sanitary, paving, demolition, and electrical upgrades.

**Motion:** Mr. Kobe motioned to recommend approval of a lease purchase financing in the amount of \$3,020,000 for a term of 20 years. Mr. Giffin seconded the motion.

Mr. Kobe, before the vote was taken, commented on both of Noblesville's projects. He said that both projects are fairly costly; \$10 million for both. He asked if there was a process that could get the cost down to \$9 million. Mr. Howard said that with the actual construction costs, the open bid day cost was \$1,872,000. They went from a 22-year period down to a 20-year period. They will probably have to put COIT into a fund to help fund the construction. The design fees were paid out of the reimbursement resolution. He said they could cut the building in half, but they still wouldn't get dollar for dollar savings.

Mr. Treat said that if they get approved on both projects, the issuance cost will go down. Mr. Kobe asked if they could assure the Commissioner that, and Mr. Howard said there will be about \$40,000 less for fees for both projects. Mr. Gilliam, Fire Chief, said they have already trimmed 2000 square feet off their fire station project.

Mr. Stafford asked why they are building all four bays now in the fire station, and what the cost differential is of only building two bays now. Nobody could answer the question at the time.

Mr. Jones then asked about their TIF bonds in 2009, and why they have a separate 9 cent rate. Mr. Treat said they have three TIF bonds that have property tax backup. There is a possibility that there will be some shortfalls so they estimated high as to what might be added for TIF bonds. Mr. Howard added that they knew that when they built those projects because the projects had to be built anyways. Mr. Treat said that rate is not going to stay that high, if it even gets that high. Mr. Howard then said that they have a \$1 million congressional earmark that is coming in to help them with their debt service payments.

Mr. Kobe then stated that he would like to amend his previous motion to have both projects together not exceed \$9.3 million.



A respondent stated next his responses to earlier questions that had yet to be answered. He said that there would be a savings of \$230,000 to \$240,000 with regards to the extra fire truck bays at the fire station, and the cost of the retention pond and the storm system is about \$88,000.

Mr. Giffin wanted to clarify that Mr. Kobe's amended motion was to cut the project by about \$500,000 and Mr. Kobe said yes, about \$495,000.

Mr. Giffin seconded the amended motion.

Mr. McLean stated the Noblesville projects came in as two separate projects, and then asked if it is valid to approve them as one. Mr. Christian added that there was already a motion on the floor for the one project. Mr. Kobe said it was simply a recommendation to the Commissioner. Mr. Howard asked if they should then figure out where they can make cuts and submit them as separate budgets. Mr. Jones said that could work, but his question is the scope of the project for the fire station. Mr. Christian said that they need to vote on these projects separately.

Mr. McLean then stated that there is still a motion on the floor in regards to Street Department project.

Mr. Christian called for a vote and the motion to approve the Street Department project as presented carried by a vote of 7-0.

### **Washington Township, Morgan County; Fire Equipment & Building Loan:**

The unit is requesting to obtain a loan in the amount of \$300,000 for a term of six (6) years for the purchase of a new fire pumper-tanker truck to replace a 24-year-old truck.

Project Costs: \$300,000

Amount applied to debt: \$300,000

Annual Payment: \$53,000

Tax Rate Impact:

2008 AV (est.)\$376,865,240

Levy Needed \$49,000

Est. Tax Rate .0130

Meeting and Publication Dates:

|                                          |           |
|------------------------------------------|-----------|
| Date of publication for a public hearing | 1/16/2008 |
| Date of public hearing                   | 1/31/2008 |
| Resolution/Ordinance adopted             | 1/21/2008 |
| Notice of Determination                  | 1/31/2008 |

Auditor's Certificate of No Remonstrance: 3/14/2008

Fire Marshall Office's response: None in County

**Present for the hearing:** Ralph Foley, Washington Township Attorney; Lonnie Kern, Assistant Fire Chief; Cathy Neal, Clerk; and John Neal, Trustee.

**Comments:** Mr. Ralph Foley began by stating the Township wraps around the City of Martinsville; to the south is Morgan-Monroe State Forest, and it includes a lot of rural development. This necessitates a fire department to respond to problems such as the fact that there are not a lot of rural fire hydrants. They have an existing pumper trunk that is the twin of the one they are trying to purchase. They have \$150,000 on hand, so they need \$300,000. Mr. Foley added that they have no existing debt, and the levy for this project would be very minor.

Mr. Foley said next that they have a 1984 tanker that would cost at least \$50,000 to rehabilitate. He said they would still have a 24-year old piece of equipment that would not be at optimal functioning.

Mr. Foley stated that they got their financing from Harris Bank, which is a local bank that gave them the best bid.

Mr. Foley then said that with the eventual construction of I-69, which will run through the Township, they will have adequate fire protection.

Mr. Christian asked the Assistant Fire Chief, Mr. Lonnie Kern, if they had looked at previously owned trucks. Mr. Kern said not for this project because that would just be an older, refurbished truck. Their goal is to buy a truck that they can use for at least 20 years. Mr. Christian then asked if there is any equipment coming off of the old truck. Mr. Kern said there will be some, though most of the equipment is the same age as the truck so it is beyond its life and cannot be re-utilized. Mr. Christian asked next if they anticipate getting anything for the truck if they sell or trade it in. Mr. Kern said they got about \$3000 for their last truck, so they will not be expecting a lot for it.

Mr. Jones asked if they have anything that would show that that price is the approximate cost of the vehicle. Ms. Cathy Neal, Clerk, said they have two bids; one was for \$488,574 and the other \$431,991. Mr. Christian asked if they could send a copy of the bids to the DLGF.

Mr. Giffin said he is a little acquainted with Washington Township and their lack of water availability. He said he is confident, though, that this pumper can take care of the problem. He added that Ralph Foley, in his many years in the Legislature, is a proponent of watching taxpayer's money, and he is always impressed when Ralph feels comfortable with something.

**Motion:** Mr. Giffin motioned to recommend approval of the fire loan in the amount of \$300,000 for a term of six years. Ms. Decker seconded.

Mr. Stafford asked why the township tax rate went from 7 cents to 14 cents in a four-year period. Ms. Neal answered that they had emergency borrowing for fire funding and operations; they did a three-year program. Mr. Jones wanted to confirm that they do not anticipate an emergency loan this year, and Ms. Neal said they do not.

Mr. Christian called for a vote, and the motion carried by a vote of 7-0.

**Buck Creek Township, Hancock County; Emergency Fire Loan:** The unit is requesting approval to obtain a loan in the amount of \$403,020 for a term of one (1) year to have the funds to cover the cost of fire protection.

Project Costs: \$403,020

Amount applied to debt: \$0

Annual Payment: \$403,020

| Emergency Loan Calculation:   | 2008 proposed      |
|-------------------------------|--------------------|
| Certified Property Taxes      | \$259,446          |
| Certified Misc. Revenue       | \$584,576          |
| Jan. 1st Cash Balance         | \$20,091           |
| Total Funds Available         | \$864,113          |
| Less: Prior Year Encumbrances | \$0                |
| Less: Estimated Expenses      | \$1,282,218        |
| Funds Remaining (Needed)      | <b>(\$403,020)</b> |
| Advertised Budget             | \$1,990,036        |
| Adopted Budget                | \$1,990,036        |
| Advertised/Adopted Budget     | Not                |
| Less Certified Budget         | Available          |
| Budget cut by DLGF            | Yet                |

Tax Rate Impact:

2008 AV \$424,362,026

Levy Needed \$387,224

Est. Tax Rate .0912

Meeting and Publication Dates:

Date of publication for a public hearing 3/08/2008

Date of public hearing 3/19/2008

Resolution/Ordinance adopted 3/19/2008

Notice of Determination 3/22/2008 and 3/29/2008

Auditor's Certificate of No Remonstrance: 4/22/2008

**Present for the hearing:** Melvin Branson, Trustee; DJ Davis, Township Attorney; Eric Reedy, Financial Advisor; and David Sutherland, Fire Chief.

**Comments:** Mr. DJ Davis began by stating that Buck Creek Township used to be agricultural until about 2000; it was the last county around Marion County to start growing. They have experienced tremendous growth, especially commercial growth here recently. Mr. Davis then

listed multiple commercial properties that are in various stages of completion. Mr. Kobe asked if the properties mentioned are just spec properties, and Mr. Davis said no. Mr. Kobe asked if they have tenants lined up already, and Mr. David Sutherland, Fire Chief, said their habit has been to secure at least 50% of their tenants. Mr. Davis continued and said that residential projects are still going on, though it has slowed down.

Mr. Davis then said that since 2006, the responses of the fire department have increased 17%. Today they have 14 career firefighters, including a Chief, Administrative Deputy Chief, six paramedics, four EMT's, and 24 volunteers. The staffing is well below the National Fire Protection Agency's standards, which says a department should have 13 firefighters per run and 2 paramedics for ALS service. The department was forced to cut back their volunteer staff from 40 to 24 in 2008 because of budget constraints.

Mr. Davis talked next about payroll, and how they are wanting to add three career firefighters over the next three years, and increase 15 paid standby firefighters and EMT's. He said there is no other department that is available or provides fire or EMS service to Buck Creek Township. The only other departments that are close enough to contract with are Sugar Creek Township and Greenfield.

Mr. Davis stated that OSHA standards require a minimum of four staff; two in, two out. He said that 2008 was the first year that they were able to meet these standards.

Mr. Davis summarized by saying that there is both residential and commercial growth in the Township, and the fire and EMS runs are growing too. He added that with salary comparisons, they are lower in comparison to the average of the 35 nearby departments.

Mr. Stafford stated that they had an emergency loan for under \$300,000 in 2007 with a tax rate of around 5.5 cents. He wanted to know why this emergency loan has a tax rate of over 9 cents if the assessed value is going up. Mr. Eric Reedy, Financial Advisor, said this year's tax bill is \$64, and next year's tax bill will be \$74; about a \$10 increase. He said the reason the emergency loan is going up even though the budget has only increased by about \$68,000, is that this is the first year that they haven't received their prior emergency loan in the distribution of their CAGIT revenue; CAGIT has decreased about \$72,000. Mr. Stafford said that did not answer his question. He restated that they had a rate impact for the 2007 loan of 5.5 cents and that they expect a rate impact for this loan of 9 cents. He said that is a big rate increase. Mr. Reedy stated that the .0553 rate is for the 2006 emergency loan, which was less than the 2007 loan. The 2007 loan will be paid back this year. Mr. Reedy said that they do not have their AV's or their budget yet for this year.

Mr. Jones wanted to clarify that this emergency loan is for \$403,020, and then he asked what their emergency loan was in 2007. Mr. Reedy said that in 2007 it was for \$297,783. Mr. Reedy said the reason the loan is going up this year is because certified shares are decreasing this year by \$72,000; no debts funds are included in the distribution of CAGIT. He added that the budget has only increased by about 5.5%. Mr. Jones asked who is getting the increased CAGIT. Mr. Branson, Trustee, answered that Sugar Creek got most of it. Mr. Reedy added that their debt fund went out of the distribution formula so larger units benefits. Mr. Jones asked next how much of

their property tax levy is for debt. Mr. Reedy said they only have 2007 data, but in 2007 \$213,000 was used to pay back the emergency loan and \$10,000 was needed for the fire building debt. He added that the Township did not have a Cum Fund last year. Mr. Jones wanted to clarify that a little less than half of their levy is for debt, and Mr. Reedy said about 40%.

**Motion:** Ms. Decker motioned to recommend approval of the emergency fire loan in the amount of \$403,020 for a term of one year. Mr. Giffin seconded.

Mr. Stafford commented that it would appear that with a change in the law that emergency fire loans are no longer emergencies; they are just fire loans. They will just have to justify the loan, and then there will be no point for them to even have to come here anymore.

Mr. Christian called for a vote, which carried by a vote of 5-0-2. Mr. Kobe and Mr. Bozynski abstained from the vote.

**Additional Comments:** Mr. Jones asked if their firefighters pay for their health insurance, and Mr. Branson said they do not because it is an incentive which offsets their lower pay. Mr. Jones asked what their starting salary for a firefighter is, and Mr. Branson said \$30,000. He added that they get \$2000 a year for five years in order to bring them up to \$40,000 a year.

**Miami Township, Cass County; Emergency Fire Loan:** The unit is requesting approval to obtain a loan in the amount of \$154,994 for a term of one (1) year to have the funds to cover the cost of fire protection.

Project Costs: \$154,994  
Amount applied to debt: \$0  
Annual Payment: \$154,994

| Emergency Loan Calculation:   | 2008 proposed      |
|-------------------------------|--------------------|
| Certified Property Taxes      | \$18,991           |
| Certified Misc. Revenue       | \$1,624            |
| Jan. 1st Cash Balance         | \$(608.78)         |
| Total Funds Available         | \$20,006           |
| Less: Prior Year Encumbrances | \$0                |
| Less: Estimated Expenses      | \$175000           |
| Funds Remaining (Needed)      | <b>(\$154,994)</b> |
| Advertised Budget             | \$175,000          |
| Adopted Budget                | \$175,0006         |
| Advertised/Adopted Budget     | Not                |
| Less Certified Budget         | Available          |
| Budget cut by DLGF            | Yet                |

Tax Rate Impact:

2008 AV        \$57,499,489  
Levy Needed \$145,216  
Est. Tax Rate .2526

Meeting and Publication Dates:

|                                          |           |
|------------------------------------------|-----------|
| Date of publication for a public hearing | 2/29/2008 |
| Date of public hearing                   | 3/10/2008 |
| Resolution/Ordinance adopted             | 3/10/2008 |
| Notice of Determination                  | 3/18/2008 |

Auditor's Certificate of No Remonstrance: 4/21/2008

**Present for the hearing:** Jeffrey Peters, Financial Advisor; Kyle Anderson, Township Trustee; Leonard Webb, Vice President of Fire Department; and Stephen Buschmann, Attorney.

**Comments:** Mr. Jeffrey Peters began by stating that they are wanting to continue the process that they are currently under which is two standby positions. For 2008 they have estimated the payroll to be at \$72,800, which is for two firefighters. Last year's emergency loan allowed them to fund the paid standby firefighters for the last half of 2007. The Insurance Service Organization's rating is dropping from a 9-10 to a 7-8 because of the use of the paid standby positions. He added that on the need for fire emergency services within the jurisdiction, the staffing required to continue the provision of this level of service and ISO rating is what is being proposed today.

Mr. Peters continued and stated that last year's emergency loan, the difference in funding between the budget of last year and this year would include funding those paid standby positions for a full year, plus there is some expense in there for equipment and supplies. He said that the fire department that serves Miami Township is the only volunteer fire department in the surrounding area with paid standby.

Mr. Christian asked about the estimated tax impact of 25 cents. Mr. Peters said that this is a historical township with virtually no fire levy, and for them to be able to fund fire service they must borrow multiples of what they set in their maximum levy. The impact to that is the 25 cents, and they've estimated the annual net tax impact for a \$100,000 mortgaged homestead as \$71. When compared to the insurance savings of about \$105 due to the better rating by the ISO, it is actually a good deal. They will pay more in property tax, but they will pay less in insurance and will have better fire protection.

Mr. Bozyski then stated that he had a question about the contract with the volunteer fire department and that it increased by \$75,000. He wanted to know the reasoning behind it. Mr. Peters said part of that was funding the two paid standby positions for a whole year instead of half of one. He added that there are supplies and equipment as well. Mr. Stephen Buschmann, Attorney, stated that last year was the first year that Miami Township had entered in to an emergency loan. The taxpayers are loyal and very supportive of this project.

Mr. Stafford commented next that this project has an increase in the tax impact of 12 cents from last year, and 25 cents total. He said this is wrong, and that there must be a more efficient way to provide the residents with fire protection. Mr. Buschmann said the taxpayers asked for an alternative. They looked into contracting with Logansport, but this way is cheaper and the residents are provided with faster service.

Ms. Decker commented that with so little population to pay for this, what is the answer. Mr. Stafford then said that this is the price they have to pay to have fire protection in a rural area.

Mr. Christian stated next that they have a \$174,000 yearly contract; he asked if they have thought of starting their own fire department. Mr. Peters said they have done the analysis, but the numbers are astronomical because there needs to be buildings, equipment, etc.

Mr. Giffin then commented that it is fortunate that the cost of the resident's insurance is basically cancelling out the tax rate. Mr. Kyle Anderson, Trustee, said that nothing has been finalized with regards to the ISO rating going down, but they were told that the rating would drop down to a 7-8 range. Mr. Kobe asked if the State Fire Marshal does that, and Mr. Buschmann said that the ISO does ratings every 4-5 months, but they will rate on request. He said the ratings are on a scale of 1-10, and there are only a couple 1's in the whole country. Mr. Christian said that they need to press the issue to make sure they get a better rating, and once it happens the citizens need to be aware so they can get better insurance rates.

**Motion:** Mr. Giffin motioned to recommend approval of an emergency fire loan in the amount of \$154,994. Ms. Decker seconded and the motion carried by a vote of 7-0.

**Additional Comments:** Mr. Jones asked what they did before they had their paid standbys. Mr. Buschmann said they were pure volunteer.

**Widner Township, Knox County; Fire Equipment & Building Loan:** The unit is requesting to obtain a loan in the amount of \$50,000 for a term of six (6) years for the purchase of a new fire rescue and special equipment ("jaws of life")

Project Costs: \$50,000  
Amount Applied to debt: \$0  
Annual Payment \$9700

Tax Rate Impact:  
2008 AV (est.)\$50,474,060  
Levy Needed \$8900  
Est. Tax Rate .0180

Meeting and Publication Dates:  
Date of publication for a public hearing 11/20/2007\*  
Date of public hearing 11/30/2007  
Resolution/Ordinance adopted 11/30/2007

Notice of Determination

12/10/2007 (advertised a \$50,000 debt)

Auditor's Certificate of No Remonstrance: 1/18/2008

Fire Marshall Office's response: None in County

\*Originally published for a smaller amount, then republished with hearing on wrong date.

**Present for the hearing:** Sara M. Kixmiller, Trustee/Assessor

**Comments:** Ms. Kixmiller started off by saying that they are wanting to purchase equipment to put in the back of a fire rescue truck, such as the "jaws of life", lights, and markings. Mr. Stafford asked if this is a used vehicle, and Ms. Kixmiller said it is semi-new; it has only about 250 miles. Mr. Christian said it is a 2006.

Mr. Kobe asked if they are borrowing the money from a local bank, and Ms. Kixmiller said yes. She added that she got three bids, and the one from Old National Bank was the best.

**Motion:** Mr. Kobe motioned to recommend approval of a fire loan in the amount of \$50,000. Ms. Decker seconded and the motion carried by a vote of 6-0. Mr. Giffin was absent for the vote.

**Vincennes Township, Knox County; Fire Equipment & Building Loan:** The unit is requesting approval to obtain a loan in the amount of \$425,000 for a term of five (5) years for the purpose of purchasing a fire truck to replace outdated equipment.

Project Costs: \$425,000

Amount applied to debt: \$0

Annual Payment: \$98,818

Tax Rate Impact:

2007 AV \$262,245,426

Levy Needed \$87,948

Est. Tax Rate .0335

Meeting and Publication Dates:

Date of publication for a public hearing unclear

Date of public hearing 3/03/2008

Resolution/Ordinance adopted 3/03/2008

Notice of Determination 3/07/2008

Auditor's Certificate of No Remonstrance: None

**Present for the hearing:** Jeffrey Peters, Financial Advisor; and Timothy Smith, Fire Chief.



**Comments:** Mr. Christian began by asking how outdated their equipment is and what will happen to it once they replace it. Mr. Timothy Smith said they have one truck that is a 1967 and one that is a 1989. The trucks are owned by their volunteer fire corporation, which was the way they did it when the trucks were purchased. He said they no longer do it that way because they felt that taxpayers should actually own the equipment rather than the volunteer fire corporation. Mr. Smith said that the volunteer fire corporation thus still has a say in what happens to these trucks. Because of this, Mr. Smith said he cannot say for sure what will happen to the trucks, but they will attempt to sell them. He added that there have been two trucks in their region that have been taken out of service recently and attempted to be sold unsuccessfully. They ended up being given away to smaller fire departments in the area. He said FEMA now has a grant program in place for some of the smaller fire departments that is allowing them to purchase new equipment. The market for buying used equipment is just not as good as it used to be because of these grants.

Mr. Christian wanted to clarify that the tax impact for this loan is three cents. Mr. Jeffrey Peters said that is the tax rate just for this portion. He said this fire protection district operates only one debt fund, and currently there are three pieces of apparatus currently being financed out of this one debt fund.

Mr. Peters said that all tax rates were discussed at their public hearings. In 2008 the debt service rate should be about 8.25 cents, and in 2009 it should fall under 8 cents. In 2010 the rate should go down to about 6 cents. The result of this is that in 2009, part of the debt service that was started five years ago will fall off, and in 2010 all of that debt service from five years ago will fall off. The reason the rate will go down is because debt service from this project is smaller than the debt service they put on five years ago. Mr. Peters said this was the plan for capital acquisitions for the fire district for the last dozen years; to maintain a level debt service.

Mr. Stafford commented that they have a lot of State PTRC and homestead credit. Mr. Peters said this was done before HEA 1001 was done.

**Motion:** Mr. Stafford motioned to approve a fire loan in the amount of \$425,000. Mr. Bozyski seconded and the motion carried by a vote of 6-0. Mr. Giffin was absent for the vote.

**Union Township, Vanderburgh County; General Obligation Bonds:** The unit is requesting to issue bonds in the amount of \$150,000 for a term of fifteen (15) years. The money will be used to build a fire garage.

Project Costs: \$150,000  
Amount applied to debt: \$0  
Annual Payment: \$15,303

|                        |              |
|------------------------|--------------|
| Tax Rate Impact:       |              |
| 2007 AV                | \$24,124,260 |
| Levy Needed            | \$15,303     |
| Est. Debt Service Rate | .0634        |

Meeting and Publication Dates:

|                                          |           |
|------------------------------------------|-----------|
| Date of publication for a public hearing | 1/31/2008 |
| Date of public hearings                  | 2/12/2008 |
| Resolution/Ordinance adopted             | 2/12/2008 |
| Notice of Determination                  | 2/20/2008 |

Auditor's Certificate of No Remonstrance: 3/30/2008

Common Construction Wage: 3/04/2008      Vote 3-0-1

**Present for the hearing:** Joe Steinkamp, Trustee; and Lucy Emison, Ice Miller.

**Comments:** Mr. Steinkamp began by stating that there is a significant flooding problem in the township. He said they do not have a large number of residents, but the population soars in the summertime and on the weekends because of their many river camps. They currently contract out their fire service to Perry Township, which is their only adjoining township. In 1992, Perry Township decided to keep a truck permanently in their township for the sake of providing better service to them and to keep their insurance rates down on their homes. One of farmers from the volunteer fire department decided to keep the truck in his garage. Mr. Steinkamp said this man has since retired from the fire department and is tired of the truck being in his garage. The Township Trustee, back in 2001 planned to build a fire garage. Over the following two years, they built a dirt mound to put the fire garage on, which is 14 feet above ground so that it would be above the flood plain. Mr. Steinkamp said \$70,000 has been spent so far on this fire garage project without actually building the building yet. He said he is the third Trustee so far to work on this project, and he wants to get the job done.

Mr. Steinkamp continued and said that the volunteer fire department makes 40-60 runs in the township per year. He said the fire truck is a top of the line 1975 model class A pumper. Their township pays Perry Township volunteer fire department \$15,750 per year for fire protection.

Mr. Steinkamp said the project will be a 46'x48' building with two doors. They would like to store the fire truck along with a boat in this building. He said \$150,000 will get this building going, which is \$67.93 per square foot. It will be pole barn construction with concrete floors and overhead radiant heat so the truck does not freeze in the wintertime. It will have standard lighting and electrical systems, overhead automatic door openers, and no office space. He said that after the permits and paying professional engineers, it just costs a lot to build a building as simple as this.

Ms. Decker asked if they had any objections, and Mr. Steinkamp said they have had none and they have followed all the standard procedures. He said that people have been expecting this since 2001.

Looking at the Hearing Information Sheet, Mr. Stafford said that \$8000 in architect fees is a lot for a pole barn. Mr. Steinkamp said that getting all of the county permits, state permits, and building in a flood plain makes working with engineers very difficult. There is a lot of

correspondence and a Trustee does not have enough time to manage those. He said they wanted to build this building to certain specifications, and that is why the fees are in there.

**Motion:** Ms. Decker motioned to recommend approval of the General Obligation Bonds in the amount of \$150,000. Mr. Kobe seconded and the motion carried by a vote of 6-0.

**City of Hammond, Lake County; General Obligation Bonds:** The unit is requesting approval to sell General Obligation Bonds in the amount of \$6,000,000 for a term of ten (10) years and seven (7) months to pay for a judgment against the City.

Project Costs: \$6,000,000  
Amount applied to debt: \$0  
Annual Payment: \$854,345

Tax Rate Impact:  
2007 AV \$2,275,598,770  
Levy Needed \$809,050  
Est. Tax Rate .0355

Meeting and Publication Dates:  
Date of publication for a public hearing 3/28/2008  
Date of public hearing 4/14/2008  
Resolution/Ordinance Adopted 4/21/2008  
Notice of Determination 4/14/2008

Auditor's Certificate of No Remonstrance: 4/22/2008

Common Construction Wage: N/A

The unit continues to work with the plaintiff to get a lower settlement. However, they are propelling the project forward to have money in the bank, should a settlement arrive.

**Present for the hearing:** Edward Krusa, Consultant; Karl Cender, Financial Advisor; Rob Feldt, Litigation Counsel for Hammond; Dave Arrensen, Baker & Daniels; and Stephanie Spiver, Baker & Daniels.

**Comments:** Mr. Rob Feldt began by saying that he and his law firm represent the City of Hammond in a law suit filed by a man named Larry Mays. This is a Civil Rights suit that arose from a claim that Mr. Mays was denied a fair trial back in 1982, and a result Mr. Mays served 21 years in prison for a rape and robbery that he says he did not commit. This goes back to an occurrence on October 5, 1980. The victim in the case ultimately identified Mr. Mays by photograph and she picked him out of a lineup. Both of the men involved in the case were tried separately and found guilty. Mr. Mays was released upon DNA evidence about seven years ago and his criminal conviction was then vacated. After that, Mr. Mays brought suit. He claimed there was certain evidence that was withheld from him. Mr. Feldt said they disputed the charge

and ultimately the argument against a municipality like the City of Hammond was that the violation that occurred had to be the result of some expressed or implicit policy. He said they denied that charge as well. Mr. Feldt then stated that the only demand they have ever received in writing was roughly in the nature of \$8 million. The case then went to trial in August of 2006. Mr. Mays asked the jury for approximately \$18 million for the time he was in jail. The jury then split the amount and entered a judgment of \$9 million. Mr. Feldt continued and said that they took an appeal, but it is still pending before the 7<sup>th</sup> Circuit United States Court of Appeals. It is currently on hold because of the settlement discussions they have had in the past few months. He said there are a couple of contingencies that have to be met, such as the bond being approved so the City can pay the settlement amount which is \$4.5 million. The other contingency is that there has to be an order from either the 7<sup>th</sup> Circuit or the local district court which vacates the judgment in the jury verdict. This is something that both sides have agreed to which is good for the City because it takes any suggestion that they did anything wrong off of the judgment books.

Mr. Feldt went on to say that the \$4.5 million can be looked at in two ways; it is either half of the actual judgment or about a third of the total liability at this point. More than just the \$9 million, there is an agreed upon amount of attorney's fees which the prevailing party is entitled to in a civil rights case. That, and the award of interest that the district courts entered in federal court adds up to about \$11.5 million. So the settlement will drastically reduce that amount and give the City the added benefit of taking the judgment off of the books.

Mr. Jones asked about the tax rates for the City. He said their 2007 tax rate was 1.994 and they are projecting for 2009 a rate of 1.88914. He asked if this 2009 rate was including the .0355 rate for this bond. Mr. Karl Cender said that was correct because they were assuming that much of the fire and police pension liabilities would be removed as a result of HEA 1001. Mr. Jones then asked if they have made an extension of that to try and find out what their total district rate is going to be. Mr. Cender said they have not yet done that. Mr. Jones said they currently have 5.66 listed which is obviously above their Circuit Breaker limit. Mr. Cender said that according to LSA's estimates, the City will be reducing revenues beginning next year, which is a concern. He said the main concern today is to seek approval of this bond issue so that they can limit the amount of liability to \$4.5 million. Mr. Feldt added that there are ramifications if they do not get this resolved in time; the amount could go up to as much as \$12 million.

Mr. Jones then wanted to clarify that today they are asking permission to issue judgment bonds up to the amount of \$6 million. Mr. Cender said that is correct. Mr. Jones wanted to clarify next that they believe the amount to be significantly below the \$6 million. Mr. Cender said there will also be attorney's fees and post-judgment interest that they estimate to be around \$1.1 million. Mr. Kobe wanted to clarify then that there is no settlement amount in the \$4.5 million, and Mr. Feldt said no; the settlement amount is for \$4.5 million which includes the plaintiff's attorney fees. Mr. Cender was referring to other attorney fees related to the defense.

Mr. Stafford asked why the City of Hammond is the defendant in this case, and not the State. Mr. Feldt said Mr. Mays sued many individual officers and many of those officers managed to get out of the case. The case was only tried against the City and the then Lt. Michael Sullen who eventually retired last summer. He said that the City's liability was alleged to be, in this type of litigation, a monelle liability, which is that they had a policy of inadequate training and

supervision that led to an officer violating Mr. May's constitutional civil right to a fair trial. Although the City disagreed with that, the jury found against them and Lt. Sullen and entered in to the \$9 million judgment against them. Mr. Stafford summarized that the City was sued for inappropriate arrest rather than the State for inappropriate conviction. Mr. Feldt said Mr. Mays eventually dropped his claim that alleged inappropriate arrest. Mr. Mays claimed that the police department had withheld evidence that would have helped him prevent his conviction.

Mr. Jones then asked why they have listed \$242,000 of interest during construction on their Hearing Information Sheet. Mr. Cender said it should be capitalized interest. Mr. Jones asked why they have capitalized interest when there is no construction project. Mr. Cender said they hope to issue bonds as soon as possible so they will have money available. The amount in question would be interest through the end of this year so they could have a tax levy in 2009. He added that at that amount they are assuming the maximum interest rate, and he believes that the capitalized interest will be less than this once they issue the bonds.

**Motion:** Mr. Stafford motioned to recommend approval of the General Obligation Bonds in the amount of \$6,000,000. Ms. Decker seconded the motion.

Mr. Kobe asked about the approval from their Council. Mr. Edward Krusa, Consultant, said the vote was unanimous.

Mr. Christian called for a vote, and the motion carried by a vote of 6-0. Mr. Giffin was absent for the vote.

**Town of Cedar Lake, Lake County; Annexation Appeal:** The unit is seeking an annexation appeal in the amount of \$3,900,000 to recover the cost of annexations that occurred in 2005 and 2006. The unit was heard in November of 2007 and was asked by the Board to return in March. There was considerable data not available to the Board at that time, and the Board wanted to see a more concrete proposal.

Max Levy: Civil  
Requested: \$3,900,000  
Advertised: \$4,000,000

Appeal History: \$10,000 order granted 12/07 Civil-Fire

**Tax Rate Impact:**

|                   |        |
|-------------------|--------|
| Appeal Rate       | .0896  |
| Unit Rate         | .5222  |
| District Rate     | 3.5927 |
| Unit Increase     | 17.16% |
| District Increase | 2.5%   |

**Present for the hearing:** Jim Bennett, Financial Advisor

**Comments:** Mr. Jim Bennett began by stating that he is there to give their second presentation on an annexation of several properties over several periods of time. He then explained a map he brought of Cedar Lake that shows the many annexed areas and the different areas of development. He said that Schererville and St. John are basically maxed out; everything is coming south. The belief is that Cedar Lake, being a natural lake with the resources to grow, will be the new growth area in the southeast part of Lake County. A lot of developers have come in to the area, bought up the land, and are developing it. The area, once it is all annexed, will double the size of Cedar Lake and more than double the population.

Mr. Christian asked what kind of development is there. Mr. Bennett answered that it is mostly single-family. The Town's growth factor is coming on tremendously and the assessed valuation is going up.

Mr. Stafford commented that he would like to have some dates for all of this development. A respondent stated that Cedar Lake became a town 40 years. Half of the development came about six years ago, and the other half in the last two years. Mr. Stafford then said that the statute deals with annexation, not developments. He said they have vacant ground within their corporate boundaries; that's not subject to an annexation appeal. The respondent said they understand that but they just wanted to show what is going on. She said the population has exploded in the last six years, and there is a new annexation that will be heard by the Town Council on May 8<sup>th</sup> that is 180 acres. Mr. Bennett wanted to clarify that they are just trying to show the Board all of the development that is coming in which requires a lot more services that the Town has not been able to provide. They will have to provide for the new annexed areas so the cost that is built in to this proposal is for those new annexed areas.

Mr. Bennett then stated that in the recently annexed areas there are 1529 units with an estimated population of 5000 people that would come in to Cedar Lake. They based this on a five-year build out. Mr. Bennett spoke next about how the new annexation and the new assessed values are going to help lower the tax rates, except for the adjustment in the maximum levy. They believe the new AV is projected. They estimated that \$200,000 per house would be the AV's they need to run the community with these new annexed areas. He continued and said that the estimated amount of property taxes to be collected in the real personal property in the newly annexed areas is \$1.7 million. In the areas that are currently being annexed the amount is about \$1.3 million.

Mr. Bennett said that on the administrative end of the Town, there will be no increase; they will operate at their present levels. He said they will need a full-time building inspector, at least for this period of growth. They have a part-time one now, which is not enough. Police protection is a big part of the cost as well. They estimate at 2.1 officers per 1000 that is needed for the new population growth. By these numbers, they would need 10 additional officers for the people coming in now; more officers would be required as more people come in. Mr. Bennett said these costs are all a part of the annexation appeal and would total about \$900,000. The park and recreation areas are smaller numbers, but they are looking in to putting in park impact fees which are not currently in the Ordinance.

Mr. Christian asked them if they have been providing police and fire protection to the areas that were annexed in 2005. Mr. Bennett said that most of those areas have just recently started to

develop during the past couple of years. Mr. Christian asked if they have patrols out in the annexed areas. Mr. Bennett said they do not patrol, but if there was a call, they would come. He said the lake causes problems because there is no direct route to the other side. With the growth factors coming in, the police department manpower cannot manage it all. Mr. Christian asked if they think they should build another station on the other side of the lake, or if they should just have more cars. Mr. Bennett said he would like to see more cars and patrols. He said that maybe in the future they may have to put up a substation, but they are trying not to do that until they have to.

Mr. Christian then asked about fire and ambulance service. Mr. Bennett said that the fire department is a contract; a volunteer service. They already have a contract, but if they have to provide all of this extra protection they will need an increase in their contract. Mr. Bennett said there are estimated costs for that in their appeal. He said in regards to the ambulance service, once they get two more EMT's they should be fine. With the fire service, the volunteer fire department said the costs will go up dramatically. He said the cost right now is \$185,000, but with all of the new areas, the cost will go up to \$300,000.

Mr. Bennett began to talk about the history of Cedar Lake. He said that Cedar Lake is now the place to be again. They have brand new sewers in, which allowed for all of the new growth. They have widened all of their main roads, but they still need help to make all of this work.

Mr. Bennett then gave his recommendation; he would like this appeal, because it is such a large request, to be phased in over three years as the AV grows. He would like to hold the tax rate in line and in the end they would still get what they need so they could still bring people on one at a time. Mr. Kobe asked if HEA 1001 would allow that now. Mr. Jones said there was a provision in there for Westfield and their phased-in annexation. Mr. Christian wondered if that was specific to Westfield.

Mr. Stafford stated next that this is an unusual appeal; it is not just an annexation appeal, it is a multi-year growth appeal. They have situations where they have annexed land and now they need their maximum controlled levy increased because they have annexed more AV than the 15% automatic adjustment that the DLGF does. He said they want to be treated like a fire territory; adjust the controlled levy for a multitude of factors. Mr. Stafford said he does not believe the statute allows that. Mr. Kobe stated that he agrees. Mr. Christian said they never came in for any type of annexation appeal when they annexed. Mr. Stafford said there was no development there so there was no new AV at the time or any extra costs. Mr. Bennett said he agreed with the statement; there was no activity and no reason for an appeal in the first couple years after annexation. Mr. Christian asked if there was a provision in the annexation law that states that they have to file the appeal in a certain amount of time. Mr. Stafford said there has to be some statute of limitations. Mr. Kobe said that John is right and that some of these costs are associated with development from within. Mr. Bennett said if they get all of this money, it would solve a lot of problems. He said they really do need help on the annexed areas though. Mr. Christian then stated that the period of time between when they annexed and now is 2.5 years. He said he does not disagree with the fact that some of this could be a 3-year growth pattern. If this wasn't an annexation, it would be easy to say that this is in fact a 3-year growth pattern. Mr. Stafford said that these are all a series of 3-year growth appeals. Mr. Christian said there is a fine

line there though. Mr. Stafford then said that if they are annexing undeveloped territory, it is going to develop over a period of five years. Often that is taken care of in the 3-year growth period because it grew while inside. If they are annexing a developed area and it is half of the AV that they had in the Town, then all the DLGF can do is increase the controlled levy for that jurisdiction to a maximum of 15%. If the AV of the annexed area is too large compared to the existing town, 15% will not be enough. He said that is what annexation appeals are for; it is not a rate question because it will take care of itself because the AV will cover it. Mr. Stafford said the problem is the controlled levy; it is putting an artificial cap on the municipality being able to grow. Otherwise, the rate will go down and they will not be able to provide services to the taxpayers.

Mr. Kobe asked next for Mr. Bennett to clarify exactly what they are asking for. Mr. Bennett said that because of a calculation he made, they will only need \$2.2 or \$2.3 million spread out over a period of time to avoid a rate increase. Mr. Kobe said they are already a third in to the year, so if they wanted \$3.9 million for a year, now it would only be \$2.6 million. Mr. Bennett said he agrees, but for the future, the \$2.3 million is what they would need under the current annexed land.

Mr. Christian then asked Mr. Jones if they would be able to do this over three years (\$750,000 per year). Mr. Jones said he would have to see. He did say that he does agree with John that an annexation appeal really does not apply since this was undeveloped land when it was annexed. What they are wanting now is a tax base for the new development on the land that was annexed previously. He said he believes they need to go back and rework this as a 3-year growth appeal. Mr. Kobe said they would technically qualify for that, but it would be at the Board's discretion. Mr. Bennett said he looked at it as an annexation appeal because that is what they have done.

Mr. Stafford said he feels they need some critical information; he would like to know what the tax levies in each of their funds has been over the last four years. He would like to know also what the rates have been and what the assessed valuations have been. If they had that information, they would know how much of this would be 3-year-growth eligible. Mr. Stafford added that they should not be doing anything that would cause a substantial increase to the tax rate. He said they should have been here years ago in order to keep the rate flat; then they would have had an increase to their levy. Mr. Kobe said the counter-argument to that is that they haven't needed the services until now.

Ms. Decker talked about how important fiscal plans are, and then asked if they had an expectation of growth in the annexed areas and that there was eventually going to be expenses that occurred in those areas. She also asked what their plan is for the areas that are getting ready to be annexed. She added that she feels this is a big concern. Mr. Bennett said they do not disagree with that. He said the new information that is required from the new Council on future annexations is very extensive and comprehensive. He reiterated that their goal was to not put a burden on the taxpayers.

Mr. Christian asked if they would be better off to not annex or wait till they see growth to annex. Mr. Stafford said the 3-year growth appeal will take care of it. He also said that he believes they would be better off annexing. The 3-year growth appeal will give them the levy relief and protect



the taxpayers at the same time. He added that they will probably be at the Control Board this year, next year, and the year after that. Mr. Kobe asked if that would be sufficient. Mr. Stafford said there may be a little annexation appeal here. He then suggested that the DLGF calculate the 3-year growth for 2007 pay 2008, or 2008 pay 2009. Mr. Jones said it would have had to have been on the assessment rolls as of March 1, 2007. Mr. Kobe asked Mr. Bennett if they considered filing for a 3-year growth appeal. Mr. Bennett said he did not, plus he does not have their AV's for this year. Mr. Stafford said if they do not have the 2007 pay 2008 AV's yet, how do they make a 3-year growth factor appeal. Mr. Jones said they can't. Mr. Bennett said they didn't have their AV's until December of 2007 for the prior year. He added that he does not even think the commercial assessments for 2006-07 were right. Mr. Christian asked who did them, and Mr. Bennett answered Nexus.

Mr. Kobe then said that from a levy standpoint, they have the outlines for a 3-year levy growth. He asked if it was possible to put that information in to one of the three years. Mr. Bennett said they can estimate what that growth factor is based on prior years; that is the best they can do. Mr. Kobe suggested that he put information on what they need in to an itemized spreadsheet. He said that some equitable adjustment is required and they cannot do a 3-year growth appeal because AV's are required. He said that the best the Board can do is make an equitable recommendation to the Commissioner. If they have a three year, itemized and detailed budget, regardless of levy limits, that would help. Mr. Bennett said he would be glad to put those numbers together and give them to Mr. Jones.

**Motion:** Mr. Stafford motioned to defer this issue until the next meeting. Mr. Kobe seconded with a request for an amendment to review pending receipt of a 3-year fiscal plan for the Town. Mr. Christian called for a vote, and the motion carried by a vote of 6-0. Mr. Giffin was absent from the vote.

**Additional Comments:** Mr. Jones asked if there is one tax rate for the entire town. Mr. Bennett said no; there are three townships.